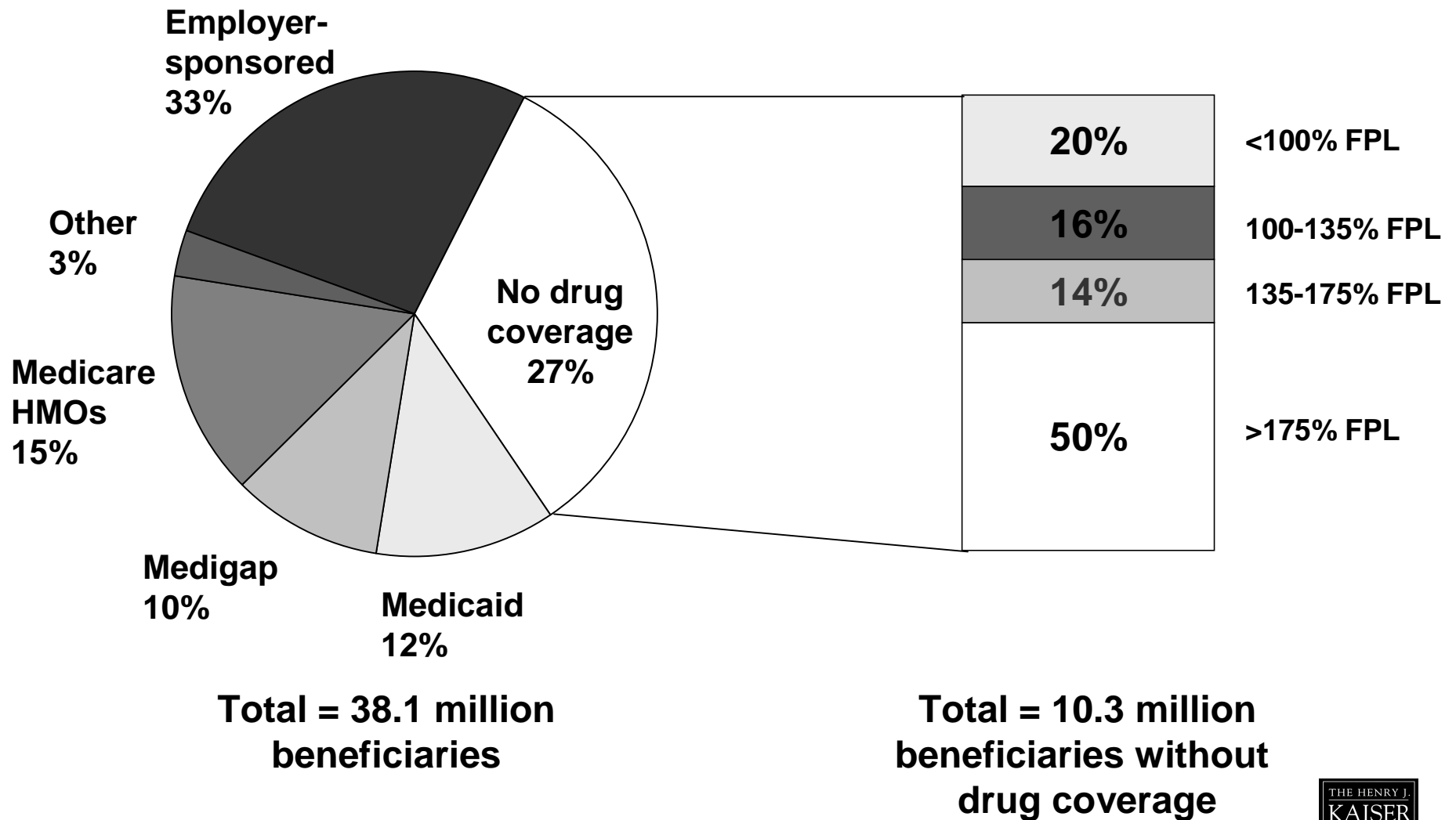


Exhibit 1

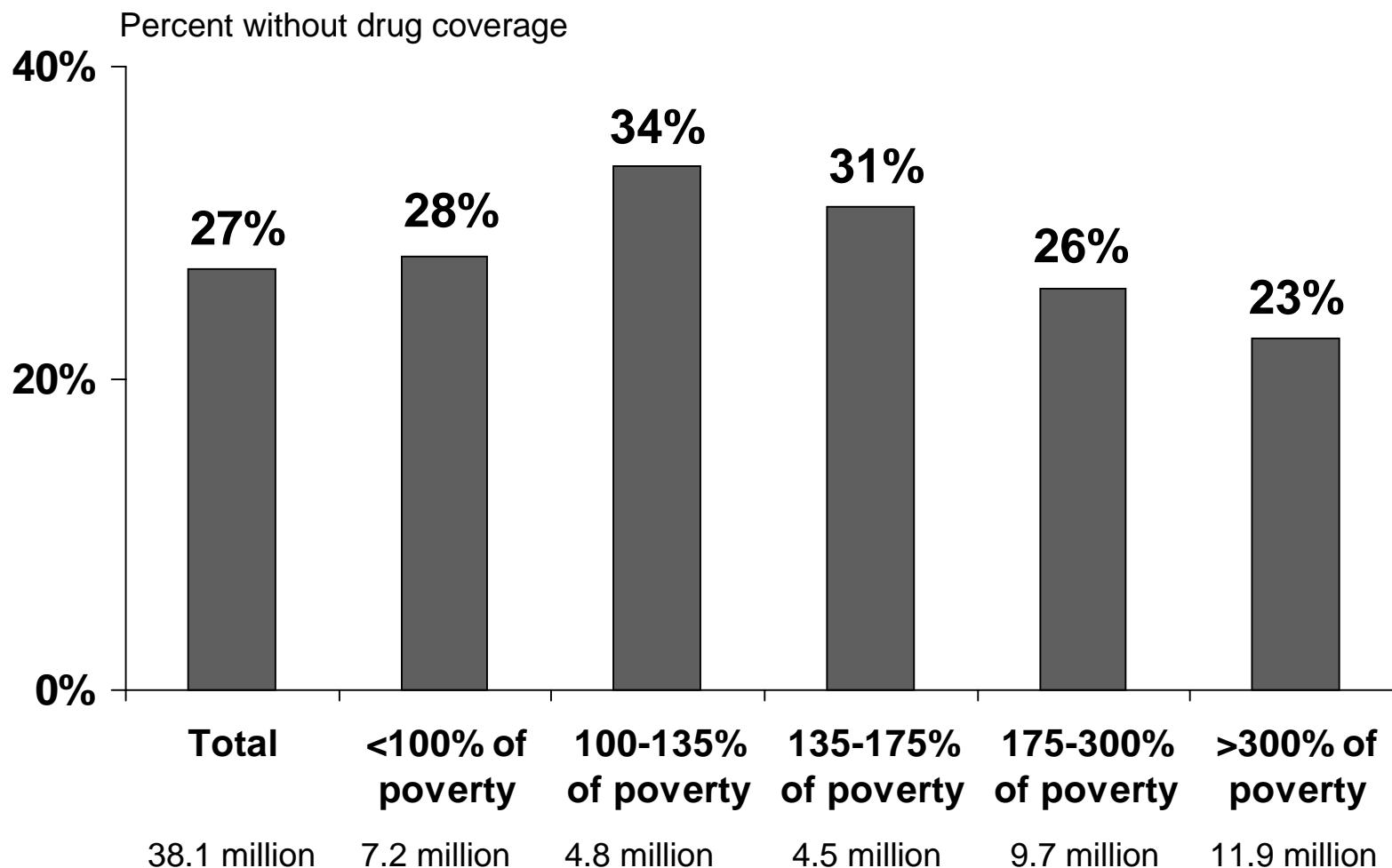
# One-quarter of all Medicare beneficiaries lack drug coverage, about half of whom are low-income



Note: Data are based on the noninstitutionalized population.  
SOURCE: Poisal, J.A., and L. Murray, *Health Affairs*, March/April 2001.

Exhibit 2

# The near-poor are most likely to lack drug coverage

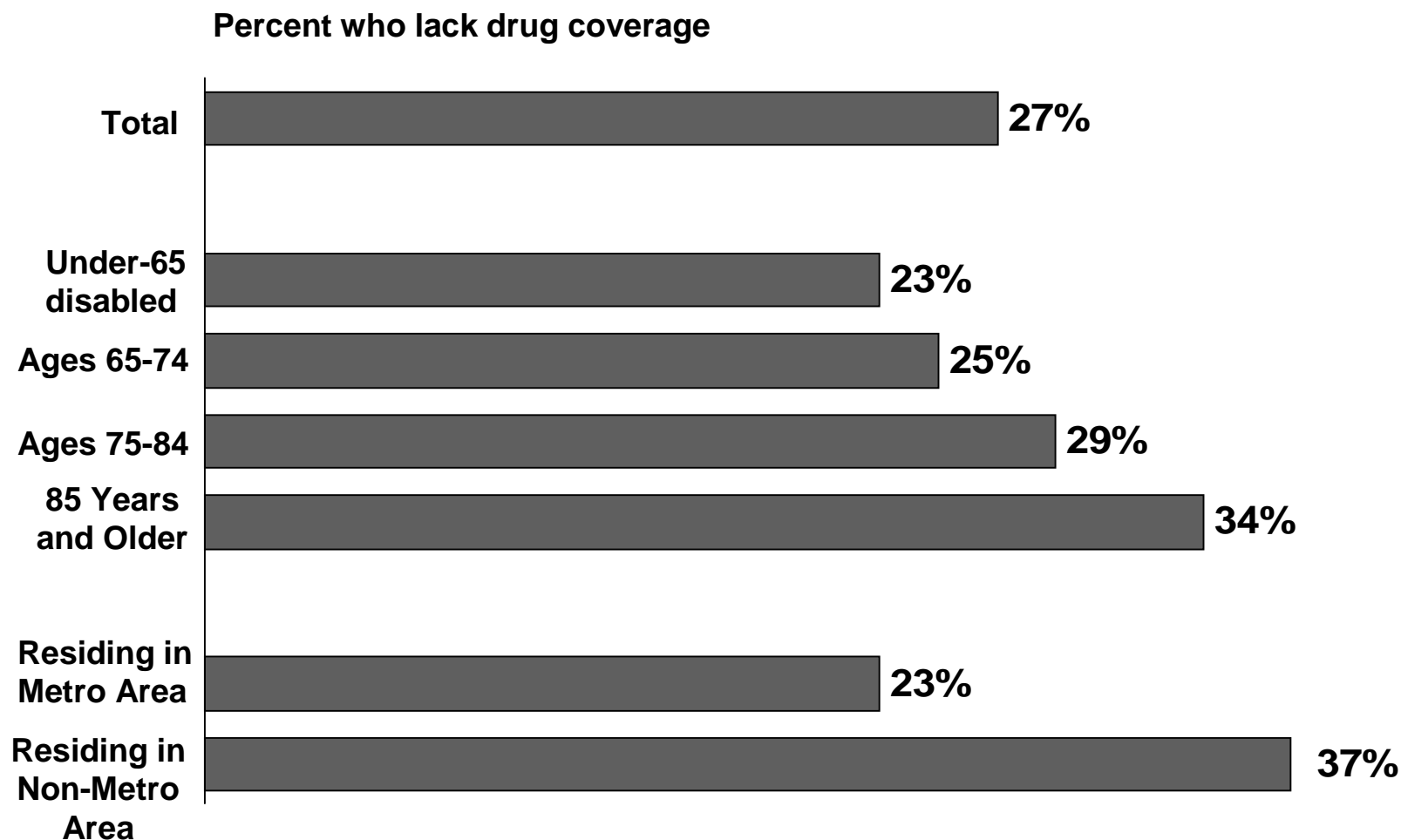


Note: 1998 federal poverty level was \$8,050 for individuals; \$10,850 for couples.

SOURCE: Poisal, J.A., and L. Murray, *Health Affairs*, March/April 2001.

Exhibit 3

# The oldest-old and those living in rural areas are most likely to lack prescription drug coverage

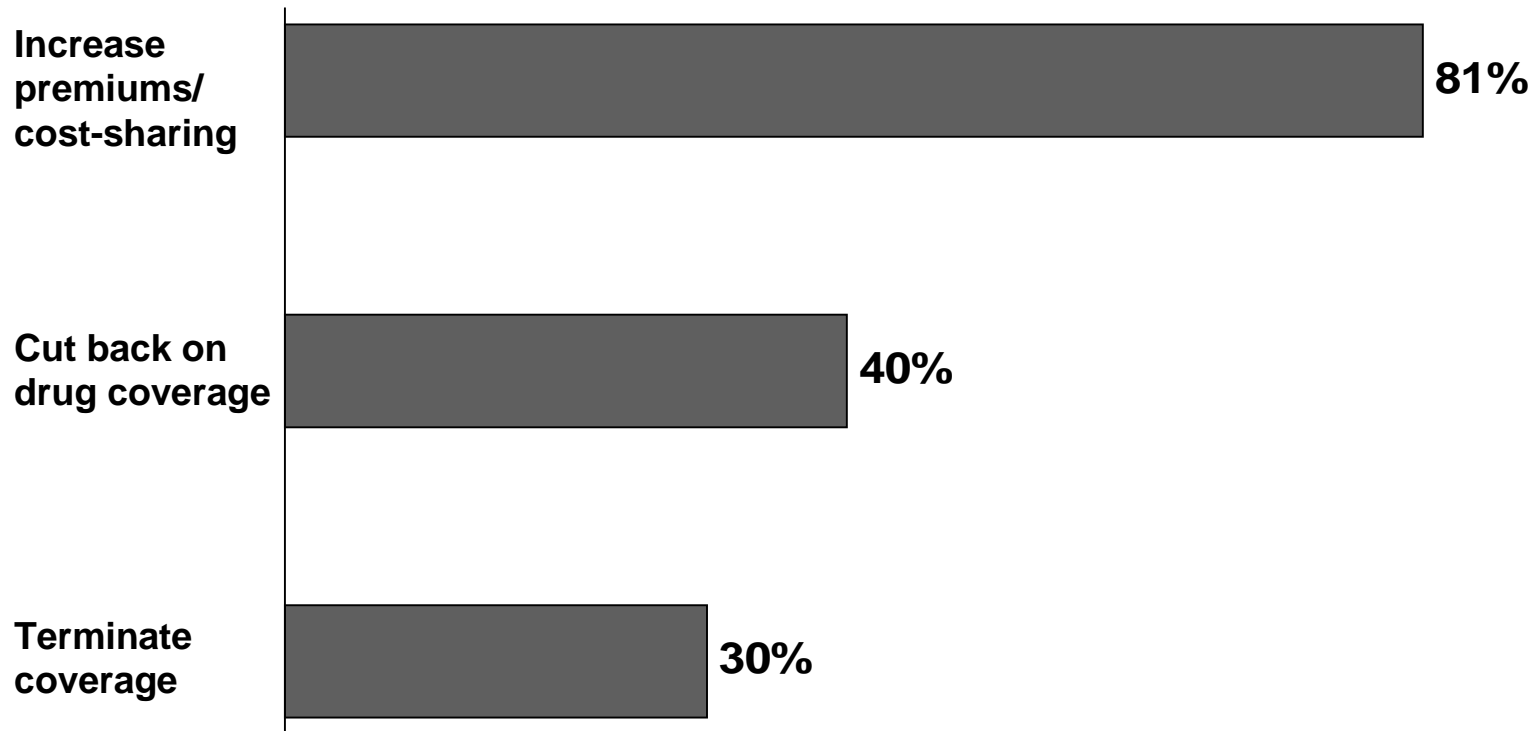


SOURCE: Poisal, J.A., and L. Murray. *Health Affairs*, March/April 2001.

Exhibit 4

# Employer-sponsored retiree health coverage is expected to erode in the near future

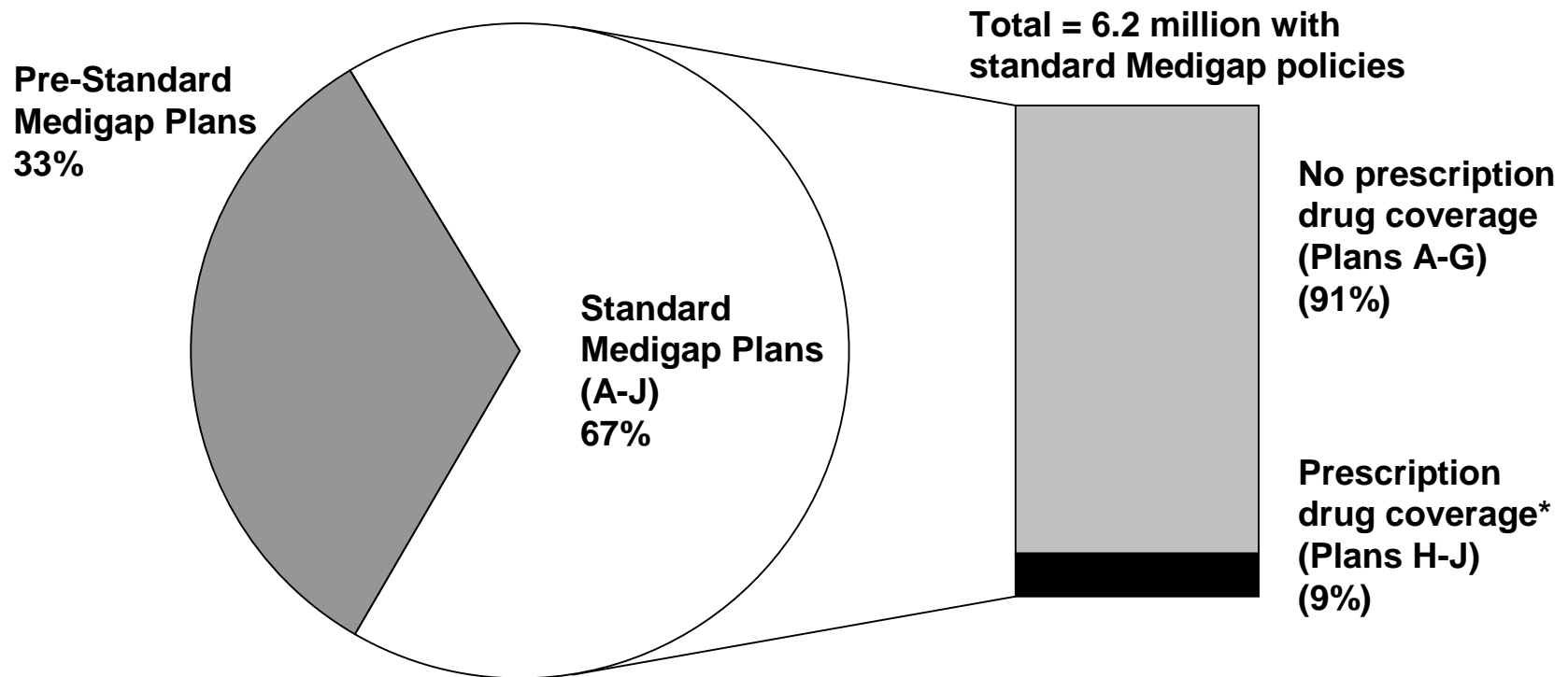
Percent of large employers who would “seriously consider” changing their retiree benefits over the next three to five years



SOURCE: “The Implications of Medicare Prescription Drug Proposals for Employers and Retirees.” Report prepared by Hewitt Associates for The Henry J. Kaiser Family Foundation, July 2000.

Exhibit 5

# Medigap provides prescription drug coverage to 9% of Medicare beneficiaries with standard policies

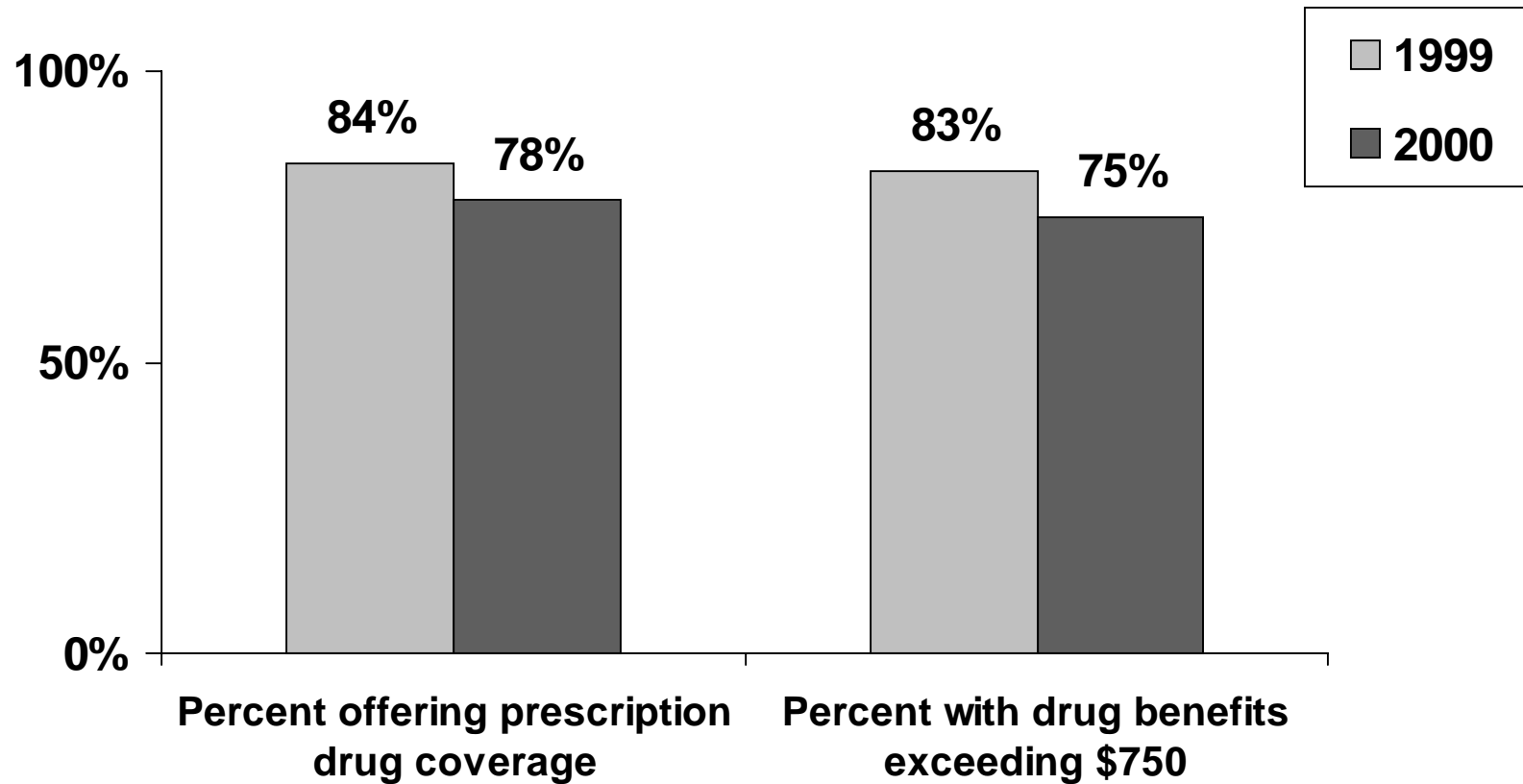


**Total = 9.3 million Medigap policy owners, 1999**

\* For example, Plan I's drug benefit includes a \$250 deductible, 50% co-insurance, and is capped at \$1,250 per year.  
SOURCE: Chollet, D., and A. Kirk. "Medigap Insurance: Industry Structure, Change, and Implications for Medicare." Report to ASPE, DHHS (January 2001).

Exhibit 6

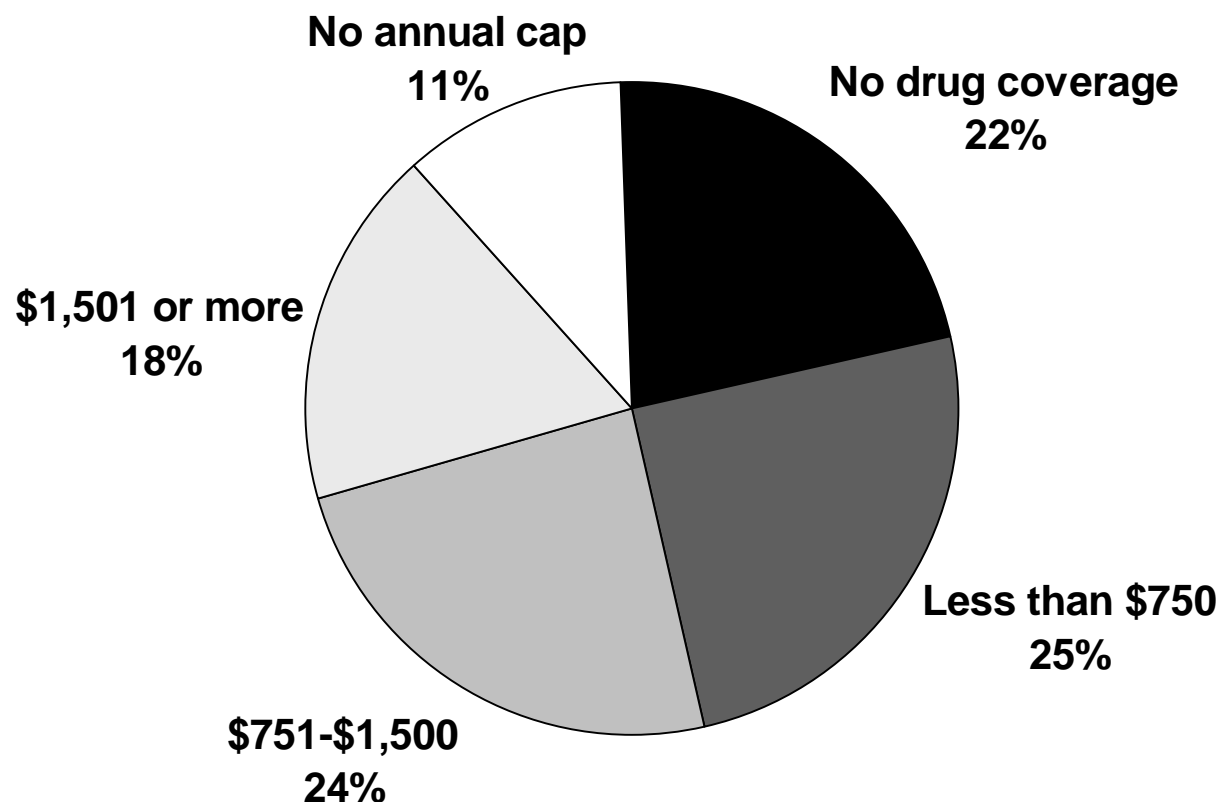
# Prescription drug benefits offered by Medicare+Choice plans declined between 1999-2000



SOURCE: Mathematica Policy Research, Inc., analysis of Medicare Compare database 2000 for The Commonwealth Fund. (Benefit caps apply to prescription drug benefits in basic plans.)

Exhibit 7

# Many Medicare HMO enrollees have limited prescription drug benefits

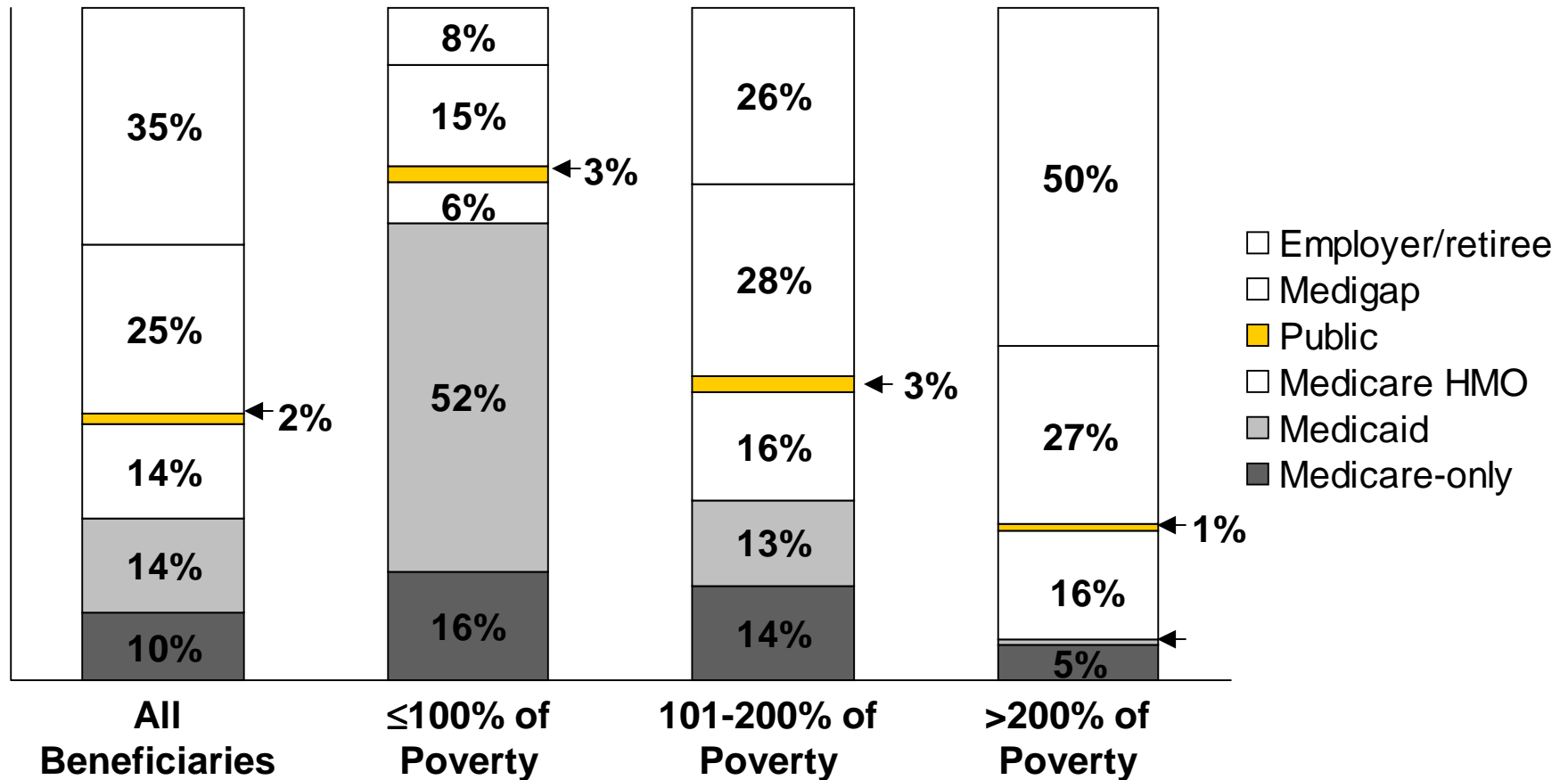


**Total = 6.2 million Medicare HMO enrollees, 2000**

SOURCE: Cassidy, A., and M. Gold. "Medicare + Choice in 2000: Will Enrollees Spend More and Receive Less? Report prepared for the Commonwealth Fund; HCFA 2000.

Exhibit 8

# Supplemental insurance for Medicare beneficiaries varies by income

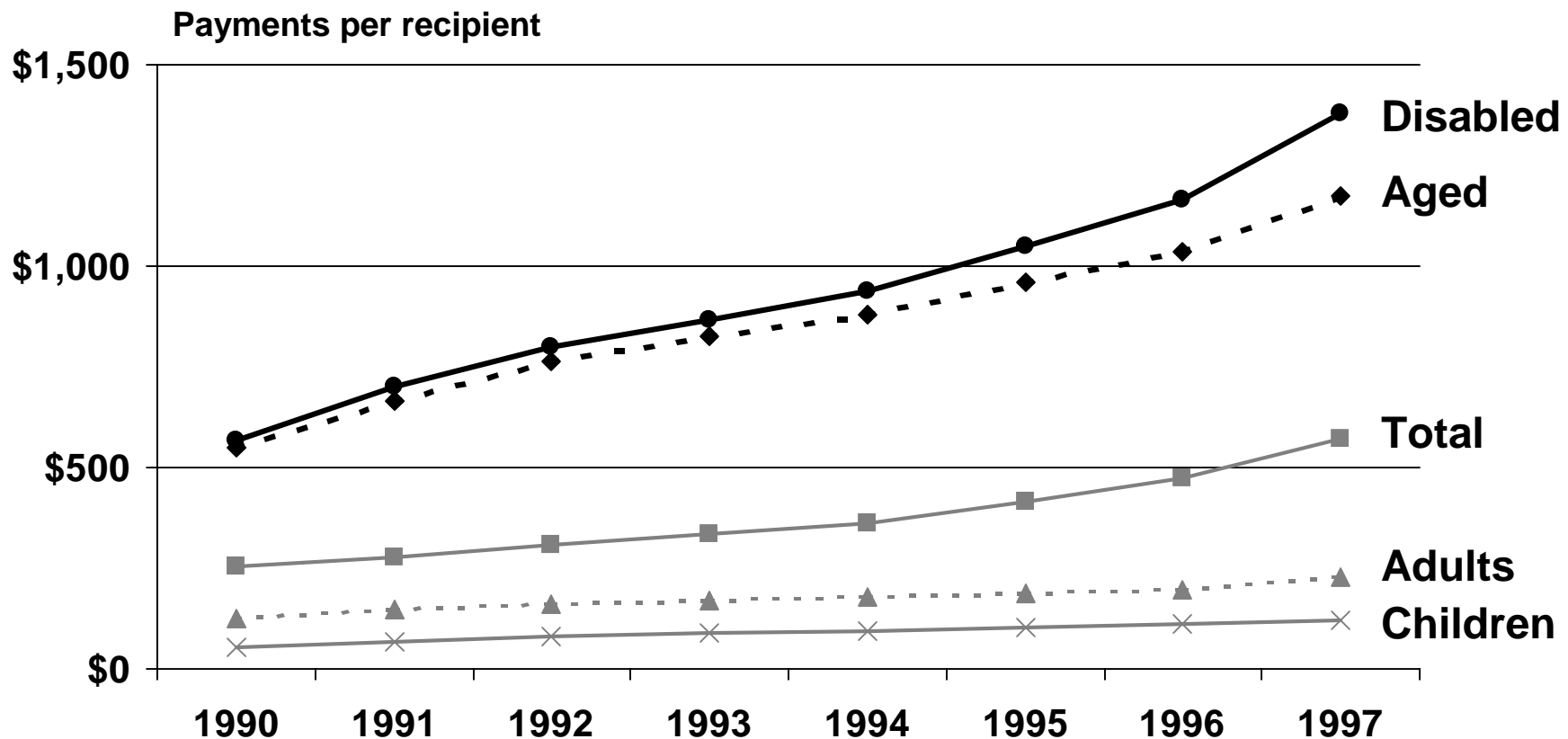


Note: Columns may not sum to 100%; other sources of public coverage not shown.  
 SOURCE: Urban Institute analysis of 1997 Medicare Current Beneficiary Survey.



Exhibit 9

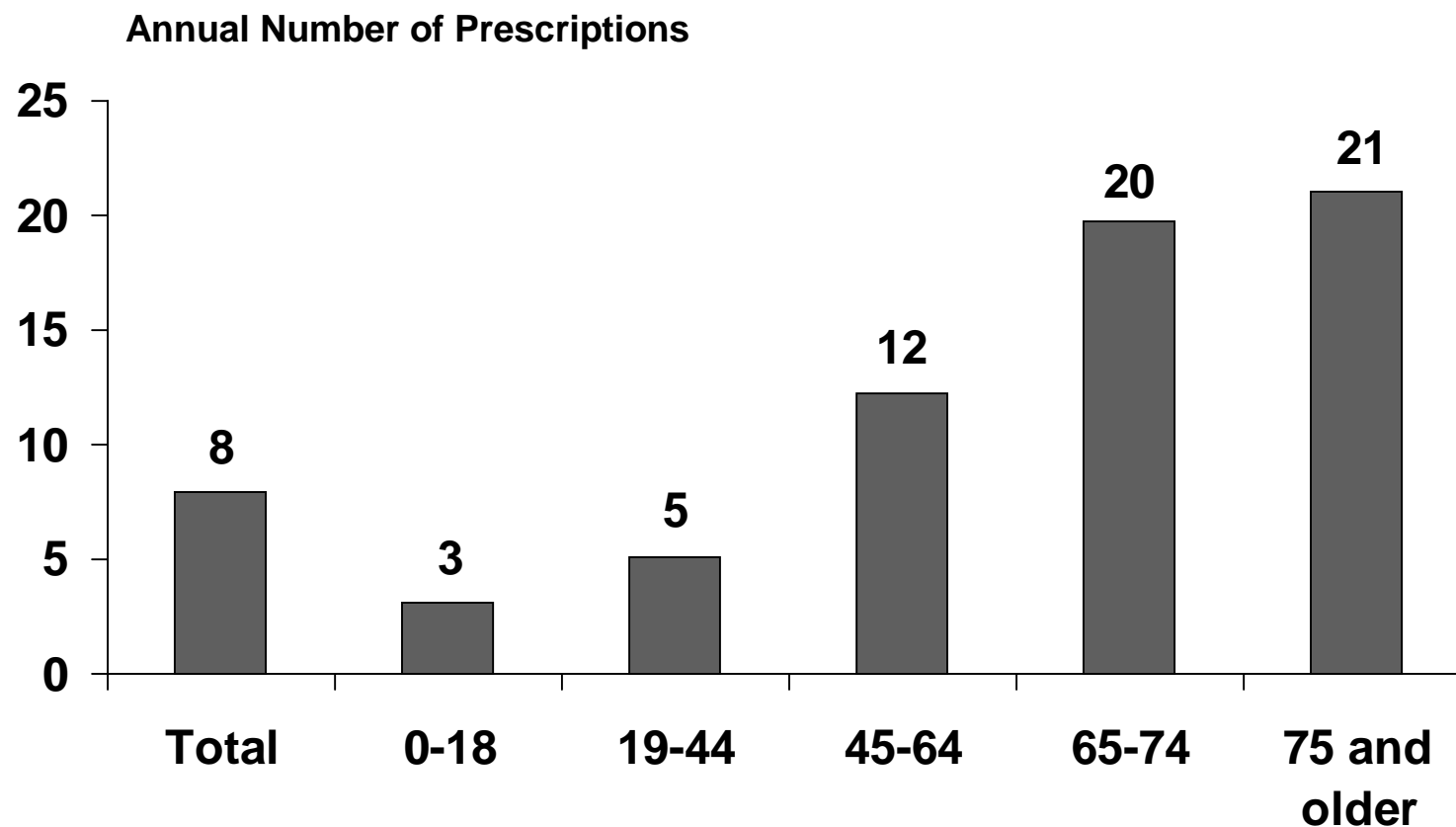
# Medicaid prescription drug payments for the aged and disabled are higher and rising more rapidly



SOURCE: Baugh, et al. Trends in Medicaid Drug Utilization and Payments, 1990-97 *HCFA Review*, Spring 1999.

Exhibit 10

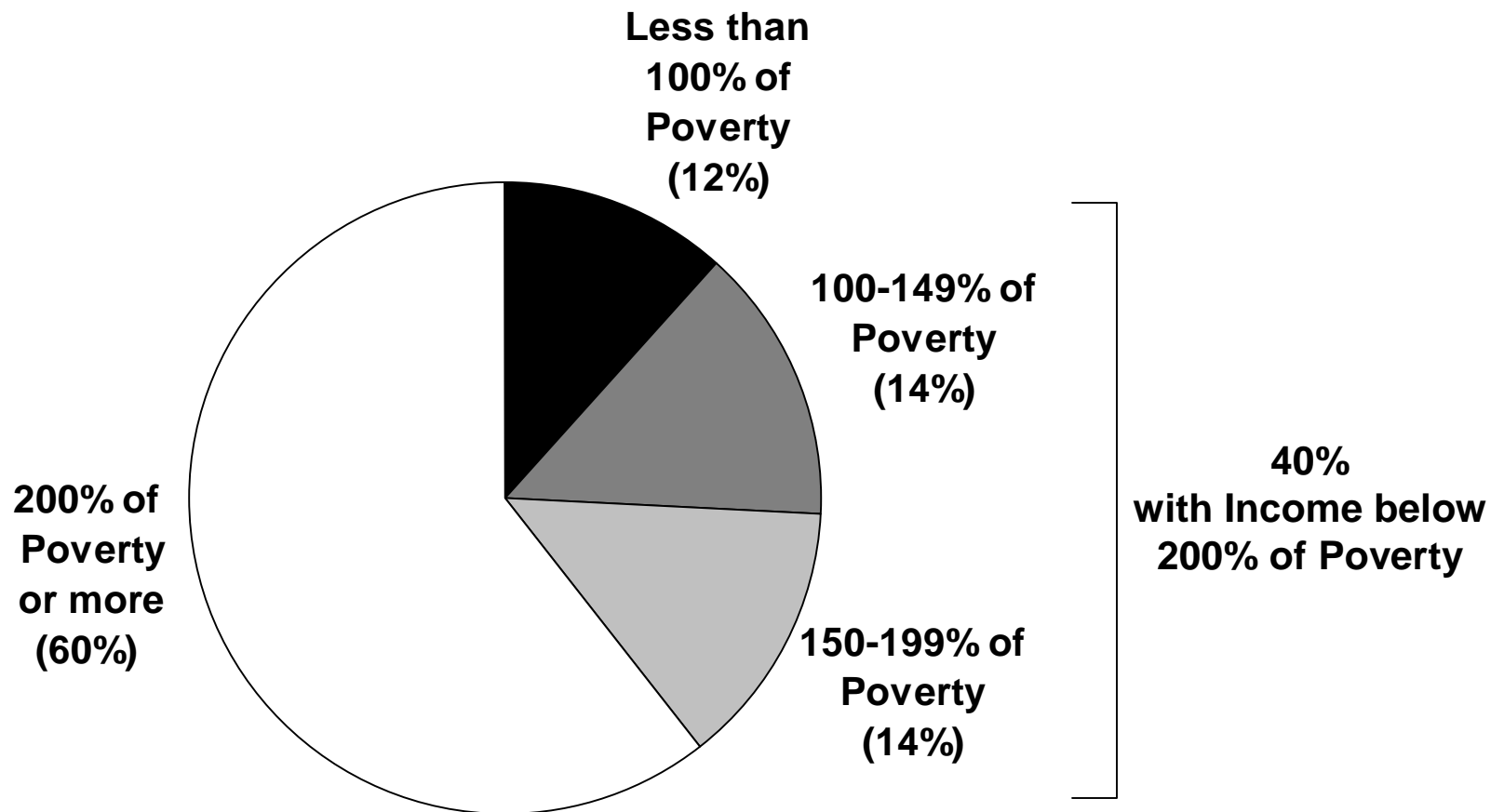
# Prescription drug utilization increases with age



SOURCE: Center for Cost and Financing Studies, Agency for Health Care Policy and Research: Medical Expenditure Panel Survey Household Component, 1996.

Exhibit 11

# Four in ten Medicare beneficiaries have incomes below 200% of poverty



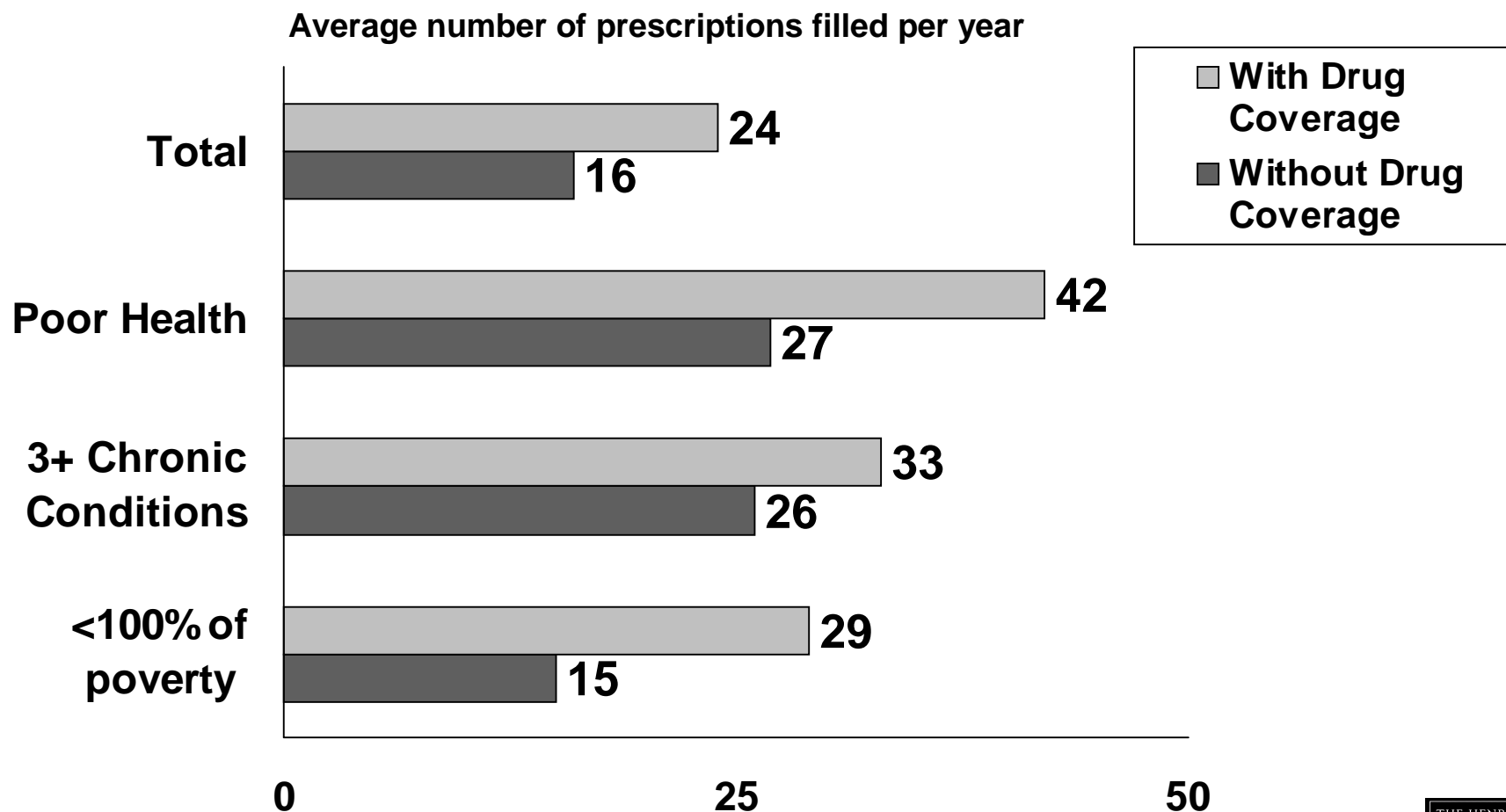
**Total = 36 Million Medicare Beneficiaries**

Note: Reflects income from all household family members. If income from household family members other than spouse were excluded, 17% would have incomes below poverty. 1999 federal poverty was \$8,240 for individuals; \$11,060 for couples.

SOURCE: Urban Institute estimates based on 2000 Current Population Survey.

Exhibit 12

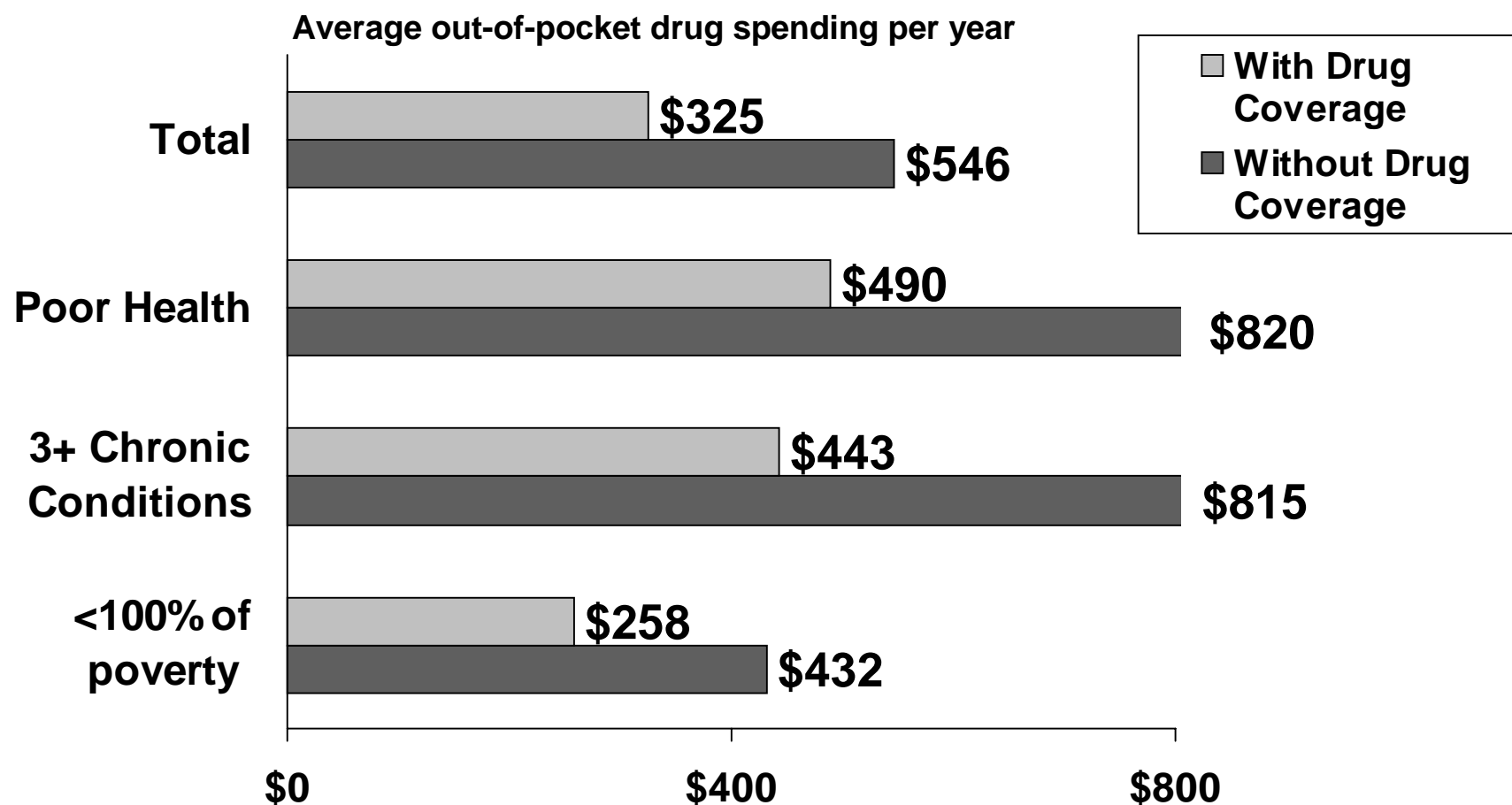
# Medicare beneficiaries *without* drug coverage fill fewer prescriptions



Note: ADL = Activity of Daily Living

SOURCE: Poisal, J.A. and L. Murray, *Health Affairs*, March/April 2001.

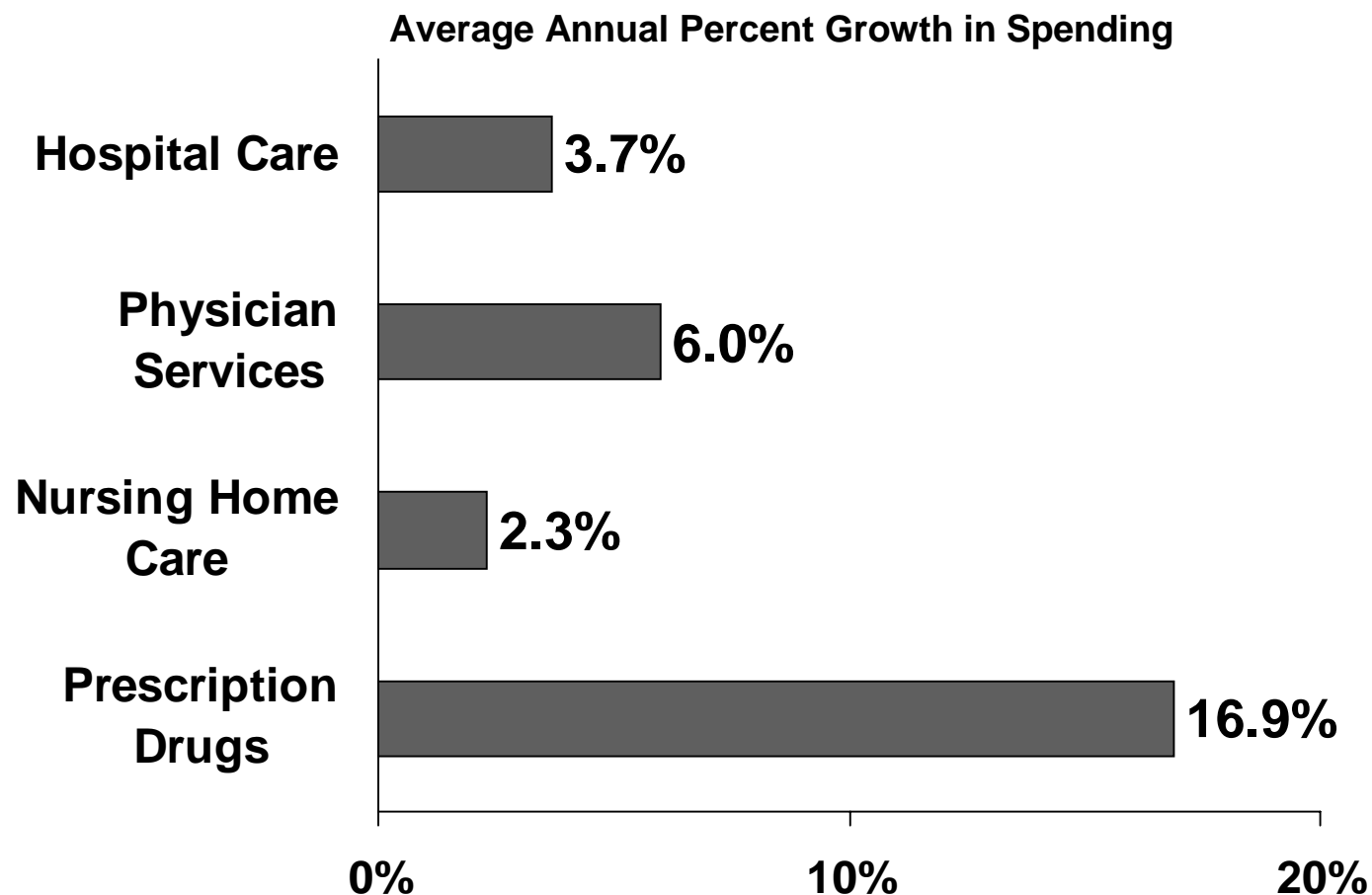
# Medicare beneficiaries *without* drug coverage face higher out-of-pocket drug costs



Note: ADL = Activity of Daily Living

SOURCE: Poisal, J.A., and L. Murray, *Health Affairs*, March/April 2001.

# Spending grew more rapidly for prescription drugs than for other services in 1999



SOURCE: Health Care Financing Administration, Office of the Actuary, National Health Statistics Group.